

CAPE TOWN VILLAGE SOUTH SUBDIVISION

Trustees Report

March 16, 2019

Ladies and gentlemen, Cape Town Village South Subdivision has had another great year! Let's review just how great this and the last couple of years have been for Cape Town Village South!

In 2016 we were able to pass an annual special assessment, which allowed our subdivision to avoid certain financial disaster. Many told us this was impossible, but with your help, we began to turn our subdivision's financial future around.

And in 2017 we were successful in passing amendments to our indentures, which allowed us to take legal actions to collect past due assessments. Don't forget, that you, the lot owners demanded that your approval of the assessment increase hinged on collection of past due assessments. Your trustees have gone on to act on your behalf to collect past due assessments that are due our subdivision. And those efforts have resulted in the collection of many tens of thousands of dollars of delinquent assessments.

And for 2018, your trustees believe that we have achieved another major milestone for our subdivision. This giant leap forward, was getting our subdivision's streets accepted into the Jefferson County Subdivision Street Maintenance Program. Now why would I hedge my comments by mentioning that we believe this to be another major milestone?

Well the facts are, we know very little about how this program is going to work in actual practice. Oh, we can tell you what the county has told us they plan to do, but in reality, we don't know how this is going to work out. But just keep in mind, that any services that Jefferson County provides to our subdivision will help to improve our streets, and those services will allow us to upgrade our streets quicker than we would be able to do otherwise.

The county has not been able to give us a budget amount that they plan to

spend on our streets over the next year. Or, over the next five years as well. This is a new program, which the County Council adopted, and handed over to the public works department to implement.

There have been many subdivisions that applied for this program. But only a few have been accepted. But for now, they have an unknown budget, and an unknown number of miles of streets to fund for maintenance. The county is continuing to accept subdivision streets into this program, on an on going basis. So, as the year progresses, we will see how much assistance they will be providing to our subdivision.

As the county grows into this program, we expect that the services they will provide to our subdivision will grow, and improve over time. For example, for now, we will still be using private contractors for snow removal from our streets. But the county has plans to attempt to work toward being able to provide that service as well, in a manner that would be acceptable for our subdivision. When, or if that will happen, remains in the future.

Now keep in mind, that while this subdivision street maintenance program covers all the streets within the boundaries of our platted subdivision, it does not cover all the streets our subdivision maintains. The portion of Capetown Village Road, that is outside the platted boundaries of our subdivision is not included. Your trustees are working to get that section of street accepted into this program as well. This is the section of street that was paved with asphalt last year.

But keep in mind there are no guarantees. The county has put a very difficult hurdle in front of us, and it will not be easy to get past that, and complete the acceptance of that street into this program.

We don't own that street, and one of the main requirements the county has put in front of us, is that our subdivision must own that street for it to be accepted into this program. Remember, the program name is The Jefferson County Subdivision Street Maintenance Program. If it's not a subdivision street, it will not qualify.

We believe that through negotiations with the property owners, that we can get ownership transferred to our subdivision. The land under that street is owned by two property owners. Ingargiola Development, who owns the vacant lot on Capetown Village Road, and Vomberg Properties LLC who owns High Ridge Self Storage.

Through our negotiations, and the subdivision's attorney, on our behalf, we have reached an agreement with Ingargiola Development. That agreement is pending our reaching an agreement with Vomberg Properties LLC as well. Since we are actively involved in negotiations with those parties at this time, we are unable to discuss those issues. Just know, that when, and if we reach an agreement with all parties, it will be very beneficial to our subdivision.

But we can report, that if we are unable to reach a reasonable agreement with Vomberg Properties LLC, we intend to take any and all available legal actions to press our advantage in this situation. We do not intend to accept a refusal to our issues.

One more issue regarding the county street maintenance program. Our subdivision's streets have been accepted into this program. But for now, our sister subdivision, Cape Town Village has not been accepted into this program. Your trustees have worked with the trustees of that subdivision, in an effort to assist them in getting their streets accepted as well. As we all know, they use our streets, and we use theirs for entrance and exit from our subdivisions. It would be beneficial for both subdivisions to be accepted into this program, and your trustees have worked toward that mutual benefit. We have a standing offer to help them in any way they see fit to get them accepted into this program. Without our efforts, it's not likely they would even be working toward acceptance. Just know that we are supporting their effort.

With regard to the previously mentioned issue of delinquent assessments, let's review where we are with those collection efforts. Over the past year, your trustees have been very actively working to collect delinquent assessments. We have taken legal actions of all nature, to recover past due assessments. We filed liens, issued demand letters, processed numerous collection suits,

and once we got those judgments, worked to collect those awarded judgments. Some of those are now completed, and others are making monthly payments to satisfy those judgments. Several additional collection actions are also now in process. And additional suits are about to be filed.

We have had a number of lot owners that have filed bankruptcy, and are making payments under the direction of the Bankruptcy Court. We have gotten judgments against a number of lot owners, for delinquent assessments. Some of those judgments are consent judgments, and those lot owners are making payments, to satisfy their debt. Others, have been more difficult. Some of them have refused to cooperate in any way, and we were forced to take additional legal actions. We have gotten default judgments, and in some cases filed garnishments.

In one case, we were forced to sell the home on a Sheriff's sale. The subdivision now actually owns that house, subject to an outstanding mortgage. That property owner is currently making monthly payments to satisfy their debt. If that lot owner cooperates, and after payment in full, we will quit claim that home back over to the former owner. We don't want their home. We only want to collect what is owed our subdivision. We certainly hope that lot owner will cooperate, and it does not become necessary for them to leave our subdivision. That is not our interest.

But please keep this in mind. We will do what is necessary to collect what is due this subdivision. That is only fair. Why should all of the lot owners that faithfully pay their assessments each year, have to carry those that don't pay? When a lot owner fails to pay their assessments, those funds are not available to cover the cost of operating our subdivision. We are able to provide less maintenance to our subdivision's infrastructure. And because of that, each home becomes worth a little less.

Please keep in mind, that these collection actions are expensive. Those incurred costs are added to the outstanding balance of those delinquent accounts. Those lot owners that are delinquent, can easily avoid those additional expenses, by cooperating, and when necessary, agreeing to payment plans, to avoid legal fees. They will incur additional interest, and

lien fees, but that is small in comparison to the cost of further legal actions.

With your help, by approving the collection amendment to our indentures, we are living up our commitment we made to you, when you approved the increase in our annual assessments. We are collecting those past due assessments. We currently have 27 lot owners on our collection list, which we are pursuing. They got on that list, by being delinquent on over \$1,000.

Many of you have questioned the status of the day care center located on Capetown Village Road. It currently operates under the name of Children's Learning Center. This facility is located within our subdivision, and is subject to our subdivisions indentures and assessments.

As most of you know, this facility has been the center of a great deal of problems for our subdivision, for many years. There is a lot of history regarding this day care center, and the problems it has caused our subdivision, which I will not be reviewing here.

Just know that in the past, they have failed to pay assessments for many years. They have refused to cooperate with our subdivision in any way. We got a collection judgment against them, and since they refused to cooperate with some construction taking place at that site. They also damaged subdivision infrastructure, and refused to accept responsibility for that damage. We decided to do a Sheriff's Sale to resolve the problems for once and for all. The bank that held the mortgage foreclosed on the property, to avoid losing it in that Sheriff's Sale.

During the aforementioned construction, they damaged a french drain at the Southern edge of that property. That damaged french drain allowed water to drain out onto Capetown Village Road. That is what created the icing hazard that we all had to deal with this winter.

We involved all available county resources to attempt to get this problem resolved, but the county was of no help to us. Maybe when it is going to cost them money because they help to maintain the street, maybe they will be more cooperative.

Attempting to resolve this problem has cost our subdivision a great deal of time and money for attorney fees. And when you add that to the past due assessments, it became serious money.

There is currently a sale of the day care center pending. We believe that closing of that sale has been delayed due to the amount owed to our subdivision. We have liens filed against that property, and court judgments for collection of assessments.

From bits and pieces of information that we have been able to collect, we believe the buyer is MMDC X Holdings. And MMDC stands for Mary Margaret Day Care. And it is possible, that another member of the Daly family, is attempting to purchase that facility. Mark Daly, who we are unfamiliar with.

May I remind you, that members of the Daly family were the former owners of that facility. At this point, nothing is cast in stone. And whether that buyer is able to actually close on that property is yet to be seen.

But for now, we will look to new owners and their cooperation. In the mean time, just know, that the day care center property can only be used for a day care center. It is deed restricted to that purpose. And only the lot owners of this subdivision can change that.

Over the past year, the street lights have been kept on, and inoperable street lights were reported to Ameren for repair. The common grounds have been kept mowed. As necessary, snow was plowed from our streets, and salt was applied. And yes, we have had a rough winter, and our spending for snow removal reflects that. We continue to purchase necessary general liability insurance, as well as a Director and Officer policy. And we work to maintain the existing street signs, streets, and storm water system. There is a tremendous amount of effort that goes into making this subdivision work.

Our streets are beginning to show the improvements. It will take time, but our streets are in far better condition than they were four years ago. Can we say

they are in great shape? Far from it. And they have really taken a beating this winter. But we are headed in the right direction. And of course, this year we will be making additional repairs to our streets. What form that will take, will depend on the actions of the county maintenance program.

Last year, we repaved Capetown Village Road. That was all part of an effort to position our subdivision to be able to permanently resolve the issue of maintenance of that street. That paving work cost about \$43,000.00.

Expensive in itself, but a very reasonable price for what we got. And we hope to recover a portion of the cost of that paving. We are working toward a road maintenance agreement with those other two property owners that own the adjoining land. And then turning that section of street over to the Jefferson County Subdivision Street Maintenance Program.

Your trustees plan to replace the missing subdivision entry sign on Capetown Village Road this year, as well as replace the existing sign at the Somerville Spur entrance. We are working on design issues at this time. If anyone has a suggestion regarding possible design of those signs, please contact me.

The rebuilding of our streets has been very expensive. Even though we have gotten bids that are far below our expectations with regard to the pricing, the vast amount of concrete that needs to be replaced, is a little overwhelming. So we are forced to pace ourselves as to the amount of concrete we can replace each year, and not spend ourselves into bankruptcy. Planning out the monthly budget projections, to arrive at a dollar amount that we can safely spend is very difficult. And since we do not as yet have funds set aside for an emergency fund, we are operating without a safety net. If we miscalculate, it could get unpleasant. So, great care must be taken when making these budget projections.

Over the next couple of years, we hope to begin setting aside funds to build an emergency fund. It will never be enough to cover a serious emergency, but it will make budget planning a little less stressful. Your trustees believe that although an emergency fund is necessary, if that fund is too large, it becomes tempting to future trustees, lot owners, and outsiders to attack our subdivision to in some manner get at those set aside funds. So we believe it is not in the

best interest of Cape Town Village South, to amass a large emergency fund.

Another issue that we would like to address. There has been talk by some, regarding cutting our subdivision's assessments, since our streets have been accepted into the county street maintenance program. The entire intent of entering that program, was to supplement our income with other sources, in an effort to off set our direct expenses and assessments. In the near future, we hope to be able to in fact reduce our annual assessments. But for the immediate future, we are unable to report when that might or will happen. At this time, we do not know when or how this street maintenance program will save our subdivision money, and make those assessment reductions possible. But know, that as soon as it is possible to do so, we intend to make those reductions in assessments.

Your trustees can reduce our assessment rate without a vote of the lot owners. We can not increase the assessments above the rates approved by the lot owners as directed by our indentures. Remember, we pay the same assessments that every lot owner is responsible for. We want to reduce the assessments just as much as you do. But we will only do so in the best interest of our subdivision.

Over the past year, we have been able to continue to post the monthly financial statements on our subdivision web site. As I'm sure you all know, that site address is CapeTownVillageSouth.com. There are some really pretty amazing features on that site. The subdivision's indentures are posted on that site, for all to see, and review. The recorded plats of our subdivision are also posted there, for your use. If you are not making use of that site, I would encourage you to do so.

On our subdivision's site, there is a link to a Jefferson County site, where you can put in your address, and it will show a satellite image of your property, with the property lines imposed over the satellite image. It's really amazing.

Our web master, Jason Vrabel has been able to build our subdivision a great web site. If you don't use that site regularly, you are not availing yourself to all that is offered there. But, there is a great deal of information that addresses

the community at large as well.

And, because Jason posts our financial statements to the web site each month, you can be assured that you know where every penny has come from, and how it is spent. It's your money, and we are only your trustees. But, as your trustees, we would like to express our thanks to Jason for building and maintaining that site. Without his help, we would not have been able to achieve many of the things we have. For those that are not familiar with Jason, Jason would you please stand? Let's give Jason a huge round of applause for his efforts.

And just know, that after we get our new subdivision entrance signs up, we'll be photographing them, and using them to give our web site a new, more photogenic identity.

And while I'm thanking people, I can't forget to thank our President, Joe Stough, and our Treasurer, Larry Krausz for all the many, many hours they have put into making Cape Town Village South Subdivision a better place to live. Without their service to our community, the incredible turn around would not have been possible. It's just that simple. Without them, this subdivision would have almost surely suffered a financial collapse. The amazing turn around from near bankruptcy, to solvency, and far improved infrastructure, would not have happened. Without them, we could not have done this. This has truly been a team effort.

I also want to thank another member of our team, Paul Schaum. Paul has been of great help to monitor conditions, and report back to us, as well as do many hours of research to help us resolve issues related to this subdivision. Without Paul's help, we would most likely not have been able to resolve many issues that we have faced over the past four years.

Again, this year, I can report that conditions within our subdivision are getting better and better. And we hope to be able to continue to improve the livability of our subdivision over this next year. Your trustees believe that is in all our interests.

There is one more issue that I would like to address. Trust! Four years ago, we were elected as your trustees. And I doubt you will find a team of more honest men to lead this subdivision. And yes, we post our financial statements to our web site every month for the world to see. But human nature does not seem to always cause people to do the right thing. In our efforts to review the records of this subdivision, we have found several things that should not have happened in the past. Some of those things have been reported to you in the past, when we had to remove a particular trustee. I have found many things that have been done in the past, that were totally unacceptable. As most of you know, we have attempted to have some of them prosecuted in the past. We were unsuccessful. Last I checked, there was still an outstanding warrant for one of these people.

The point of this review, is don't trust anyone. As former President Ronald Reagan always said, trust but verify. Well, over the years, I have. But in fact, not one other individual has ever gone to City and Village Tax Office to review the records of this subdivision in the last four years. That's pathetic. Don't trust us, don't trust anyone!

Let me say, that of course your current trustees are honest. But, how do you know that? You don't. Not really. You thought your previous trustees were honest, and looking out for the best interest of this subdivision. Some were not. Things were happening, that were not acceptable. We have put a stop to those practices. Some were very well hidden. It took many hours to search out those hidden crimes. Yes, they were right in front of every lot owner in this subdivision, but not one of you noticed them. I did. How do I know they were right in front of you? I distributed those documents to you, before I discovered those crimes.

Review all subdivision documents carefully. Don't take anyone's word for anything. Check the records. Even something as simple as how many lots are being assessed can lead to discovering criminal activity. That's how we discovered the last crime we found, and put a stop to.

When something doesn't seem right, ask questions. And would someone please go to City and Village Tax Office, on a regular basis, maybe at least

once a year, and review all the records. Just looking at the invoices that were submitted for payment is how I found a former trustee was producing fake invoices for payment, and we removed him. Your current team of trustees are not going to be your trustees for ever. You must trust but verify!

Based on what has occurred in the past in this subdivision, some of those trustees were certainly not trust worthy. To the best of my knowledge, we have detected all improper activity regarding the finances and records of this subdivision, and put a stop to them.

Thank you

As presented by
Your Secretary,
Jim O'Connor